

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7318

BILL NUMBER: HB 1304

DATE PREPARED: Dec 28, 2000

BILL AMENDED:

SUBJECT: Property Tax Administration.

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FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill establishes a procedure with respect to a property tax appeal involving at least 1% of the assessed value of a taxing unit for notice of the appeal and of hearings on the appeal to be given to the taxing unit.

The bill also allows a county executive to appeal to the Tax Court upon the request of an affected taxing unit if a final determination of the State Board of Tax Commissioners would result in a claim for a refund that exceeds the lesser of: (1) \$800,000; or (2) an amount equal to 10% of the aggregate tax levies of any taxing unit in the county for that year. It specifies the documents that comprise the record of an appeal of a determination of the State Board of Tax Commissioners to the Tax Court.

Effective Date: January 1, 2002.

Explanation of State Expenditures: *Notifications by the State Tax Board:* Under current law, the State Tax Board must mail a notice of a State Tax Board review hearing to the taxpayer, township assessor, county assessor, and county auditor. The notice must include the date of the hearing. This bill would require the notice to also include the disputed item's previous year's assessed value, the action taken by the county property tax board of appeals and a statement that a taxing unit in which the appealed AV constitutes at least 1% of the units' gross certified AV from the preceding year (affected taxing unit) may attend the hearing. In addition, the State Tax Board would also be required to include a copy of the petition requesting State Tax Board review in the mailings. The State Tax Board would have to send notice of its final determination to the affected taxing units.

Preparation and mailing of these notices could increase State Tax Board administrative costs. State Tax Board funding comes from the state General Fund.

Certified Court Record: Under current law, if an appeal of a State Tax Board final determination is made

to the Tax Court, the Secretary of the State Tax Board must transmit a certified transcript of the appeal proceedings to the Court. This bill would instead require the Secretary to submit a certified record of the proceedings to the Tax Court. The record must include copies of all notices, petitions, motions, photos, and other written documents submitted to the State Tax Board. The record must also include the transcript of the evidence and proceedings at the administrative hearing and copies of all exhibits and physical objects provided during the administrative hearing.

The State Tax Board already includes this information in the transcript of proceedings prepared under current law so there would be no additional expenditures necessary under this provision.

Explanation of State Revenues:

Explanation of Local Expenditures: *Notifications by County Auditors:* Currently, the county assessor notifies the county auditor of all assessments under appeal to the county property tax board of appeals. The proposal would require the county assessor to also notify the State Tax Board of assessments under appeal. The assessor would be required to make both notifications by mail and would be required to include the appellant's name, address, current year AV, and prior year AV.

Under current law, the county auditor must notify affected taxing units of the appeal. This notification is made after the township assessor's response to the petition following a preliminary conference between the township assessor and the taxpayer. This bill would instead require the county auditor to send to the affected units, a copy of the notification that is sent to the county auditor and State Tax Board.

Preparation and mailing of these notices could increase county assessor costs. The county assessor's funding comes from the county General Fund and county Reassessment Fund.

Notifications by County Property Tax Assessment Boards of Appeals: Under current law, if there are still items left unresolved after the township assessor's conference, then the county property tax assessment board of appeals must hold a hearing within 90 days of the petition's filing. The county property tax assessment board of appeals is currently required to give notice of the hearing date by mail to the taxpayer and to the township assessor. This bill would also require notices to be sent to the county assessor, county auditor, and State Tax Board. All notices would have to contain the current year AV and prior year AV of the disputed items.

The county auditor would be required to forward a copy of the notice to any affected taxing unit. The notice from the county property tax assessment board of appeals would also have to state that the affected taxing unit may attend the hearing.

After the hearing, the county property tax assessment board of appeals is currently required to send notice of its determination to the taxpayer, the county assessor, and the township assessor. This bill also requires that the notice of determination be sent to the county auditor, State Tax Board, and any affected taxing unit.

Preparation and mailing of these notices could increase the costs faced by county property tax assessment boards of appeals.

Tax Court Appeals by Affected Units: Under current law, the county assessor may request that the county executive appeal a State Tax Board final determination or a reassessment under Court remand if the adjustment causes a refund of the lesser of \$800,000 or 10% of the total tax levies of all of the units in the

county. Under this proposal, the request could be made if the refund exceeds \$800,000 or 10% of **any** taxing unit's levy in the county. The request could also be made by a taxing unit. The bill requires a taxing unit that requests an appeal to the Tax Court to pay for the appeal.

Explanation of Local Revenues:

State Agencies Affected: State Board of Tax Commissioners.

Local Agencies Affected: County Auditors; County property tax assessment boards of appeals; County assessors; Township assessors; Local taxing units.

Information Sources: Bill Waltz, State Board of Tax Commissioners, (232-3761).